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Summary record of the 33rd meeting
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Chairman: Mr. Abelian ..... (Armenia)
later: Ms. Brennen-Haylock (Vice-Chairman) ..... (Bahamas)
later: Mr. Abelian (Chairman) ..... (Armenia)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Mselle

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The meeting was called to order at 10 a.m.

Agenda item 112: Review of the efficiency of the administrative and financial functioning of the United Nations (*continued*)

Revolving credit fund (*continued*) (A/52/822; A/53/645 and Corr.1)

1. **The Chairman** said he took it that the Fifth Committee wished to recommend that the General Assembly should take note of the report of the Secretary-General on a revolving credit fund (A/53/822) and the observations of the Advisory Committee thereon (A/53/645) and should decide to resume consideration of the question of the revolving credit fund at its fifty-fourth session.

2. *It was so decided.*

Results-based budgeting (*continued*) (A/53/500 and Add.1 and A/53/655)

3. **Ms. Silot Bravo** (Cuba) said that results-based budgeting was an integral part of the reform process and would bring the Organization's budgetary processes up to date. However, one of the underpinnings of reform, which was predicated on financial stability, had been violated, since the principal contributor did not pay, even though it was the principal promoter of the reform package.

4. There were oversights in the Secretary-General's report (A/53/500 and Add.1). A new report, including clearer definitions of objectives, should be submitted. More specific, task-based objectives were required, not general political objectives. Further, results-based budgeting could not be implemented until the General Assembly had been supplied with a clear set of performance indicators. She asked what stage the definition of objectives and the formulation of indicators had reached.

5. Some of the proposals in the Secretary-General's report assumed application of a sunset clause, which had yet to be approved by the General Assembly. The Secretariat would also need to provide further details of accountability mechanisms. She noted, in that connection, that the pilot project at the Economic Commission for Latin America and the Caribbean had used results-based budgeting to some extent and had included the concept of the accountability of programme managers.

6. Her delegation could not accept any impact on programme resources. A further report should be submitted to address its concerns. She supported the request for prototypes, but said that their formulation and their consideration in the Advisory Committee did not constitute agreement on results-based budgeting.

7. **Mr. Lozinski** (Russian Federation) said that the report of the Secretary-General gave a clear picture of the shortcomings of the existing budget process, in which the relationship between resources and results remained the weak link. Member States received only a minimum of information about the expenditure of the resources allocated and the achievement of the goals established, so that it was difficult for them to assess the situation and make the optimum allocation of resources among the Organization's activities. All delegations had witnessed those shortcomings during the adoption of the current budget in 1997.

8. The shortcomings could not be eliminated overnight. His delegation therefore welcomed the cautious approach taken by the Secretary-General to the development of the concept of results-based budgeting. At the present stage there was no need to make any substantive changes in the existing rules and procedures. There was no reason why the new system should not be introduced in the form proposed by the Secretary-General; the rules and procedures could be changed later in the light of experience. The Advisory Committee's "side-by-side" proposal, set out in paragraphs 3 and 4 of its report (A/53/655), therefore deserved support.

9. In ideal conditions, a shift to results-based budgeting would be a progressive innovation in the financial management of the Organization. However, the Secretary-General's report offered no answer to the main question, which was whether the Organization itself was ready for the transition. Such a transition meant virtually the total decentralization of the management of financial and human resources and the transfer of authority and responsibility for resource expenditure to the programme managers. He wondered whether the managers were ready and whether they had the capacity to undertake the transition. The introduction of the "new management culture" would be an important condition for the implementation of the Secretary-General's proposals, but it was clear that such a culture remained for the moment an academic discussion point, and the Administration was silent about the results of the efforts undertaken in that area.

10. Another important precondition of the transition would be the establishment of an effective performance appraisal system, but the Organization was still taking only the first timid steps in that direction. There was as yet no evidence that the new system would be effective and could become a valuable tool in the hands of the managers for the practical conduct of results-based budgeting. An effective system of accountability and responsibility would also have to be

introduced but, there again, only the first steps had been taken. For example, it remained impossible to identify the persons responsible for financial irregularities in the United Nations, and it was likely that, with the decentralization of control of expenditures, the number of such irregularities would increase.

11. The transition would also require a reliable information system for purposes of control and assessment of the transition and its results. The Integrated Management Information System (IMIS) was being introduced, with difficulty and delay. Additional efforts and financial resources were required with respect to information about the transition. Results-based budgeting would also call for great flexibility in the recruitment and dismissal of Secretariat staff. It was hard to see how that requirement would be compatible with the current human resources management system, in particular the use of permanent contracts. He also wondered how programme managers would be able to remove negligent staff members if the current inflexible appeals procedures were maintained.

12. The Committee would require answers to all those questions before it began its practical consideration of a gradual transition to results-based budgeting.

13. *Ms. Brennen-Haylock (Bahamas), Vice-Chairman, took the Chair.*

14. **Mr. Bay** (Singapore) said that, as a radical departure from current practice, results-based budgeting demanded careful scrutiny by the Committee and the Advisory Committee. Results-based budgeting, which had to be distinguished from cost and/or staff reduction, was essentially a system intended to enhance performance by providing an institutionalized framework for identifying targets within objectives before determining budget allocations. Its emphasis was both qualitative and quantitative.

15. Singapore had applied results-based budgeting to its Civil Service in 1996 with good results, in order to create the cohesive, nimble and responsive public sector it would need in the coming century. In a complex organization such as the United Nations, a continual process of review and refinement would be required before the benefits of results-based budgeting became apparent, but the approach might well prove appropriate.

16. Nevertheless, although the focus might shift to the expected results, the Organization could not lose sight of the management of inputs. There, too, continued improvement would be required even when goals were achieved. The Secretariat must be held accountable for both the fulfilment of goals and the way in which the inputs were managed to achieve those goals. While simplified information on post and non-post resource requirements could be incorporated in the budget document, the proposed supplementary materials to be provided to the Advisory Committee should also be made available to Member States.

17. One key concern would be the definition of outputs that were essentially unquantifiable or unpredictable. Performance indicators would have to be precisely tailored to each programme, and programme managers would need to be receptive to the views and proposals of their subordinates who, in turn, would need to see how the outputs generated met the set goals. Briefings and training should therefore be offered to programme implementers as well as programme managers.

18. **Mr. Jara** (Chile) said that results-based budgeting, although as yet untried, seemed a promising approach for an organization like the United Nations, under certain conditions. First, a methodology would have to be devised that took account of the primarily political nature of the Organization and did not simply copy procedures used in vastly different institutions. Pilot projects would then have to be introduced in order to test the new approach to the satisfaction of the Secretariat, the Member States and the administrative bodies, and the staff carrying out the projects would have to receive prior training. It was, moreover, vital to continue to apply traditional budgeting methods in parallel with results-based budgeting, as a way of assessing the advantages and disadvantages of the two systems. Such a radical departure from current procedures would, of course, require broad consensus based on solid information before it was adopted.

19. **Mr. Watanabe** (Japan) said that a thorough analysis of the advantages and disadvantages and a consensus on the part of Member States would be needed before such a new concept as results-based budgeting could be accepted. His delegation looked forward to receiving the analysis promised by the Advisory Committee in paragraph 4 of its report (A/53/655).

20. **Mr. Mirmohammad** (Islamic Republic of Iran) said that his delegation welcomed the request made by the Advisory Committee in paragraph 4 of its report for the submission of additional prototype fascicles using a results-based budgeting format and it shared the view of other delegations that the Secretariat should produce an analysis of current budgetary procedures: if the process was truly an "evolutionary" one, any defects could be corrected. An emphasis on results did not mean that resources and inputs or performance should be neglected: the need for full

implementation of mandated programmes and activities had been stressed by many delegations.

21. In the section on policy-making organs in the addendum to his report (A/53/500/Add.1), the Secretary-General noted that statements of objectives and results, and performance indicators were not required for all such organs. He would welcome clarification from the Secretariat as to which organs did require such statements and indicators.

22. **Mr. Park Hae-yun** (Republic of Korea) observed that the current budgetary practice, being largely a quantitative exercise, did not indicate satisfactorily whether expected results had been achieved, nor did it assess the quality or relevance of the outputs. His delegation therefore welcomed the Secretary-General's proposal to shift from a system of input accounting to results-based budgeting. It should improve planning, programming, budgeting, monitoring and evaluation, and make possible optimal deployment of resources and better management through reliance on performance indicators and increased delegation of authority.

23. It would, as the Secretary-General had indicated, be a difficult process to identify the performance indicators and tailor them to each programme. The proposal that he should present fascicles for three budget sections utilizing the proposed new format as a prototype when presenting the full programme budget for the biennium 2000–2001 in the current format would be a good approach. The report to be submitted by the Advisory Committee at the fifty-fourth session should shed light on many aspects of the new budget methodology.

24. **Mr. Odaga-Jalomayo** (Uganda) said that, in its informal paper circulated in response to questions put at the 31st meeting, the Secretariat explained that the Office of Legal Affairs had been selected as the subject of one of the prototype fascicles because its staff had shown an interest in the trial phase. It would have been better to have chosen a more challenging section of the budget and it should have been borne in mind that an "interest" on the part of the staff would bias the result of the exercise. On the question of the reaction of programme managers, the Secretariat stated that most of them had expressed the need for guidance and assistance, since they felt that application of results-based budgeting would require "learning by doing". Both those answers tied in with the question just put by the representative of the Russian Federation about the readiness of the Secretariat, and indeed of Member States, to undertake the exercise.

25. On the question of how the Secretariat envisaged performance indicators for political areas, his delegation had always maintained that the United Nations was unique and should therefore not focus too closely on results at the expense of inputs. According to the Secretariat's informal paper, the Member States would be made aware of the extent to which results had been achieved, since programme managers would be required to submit a results report after the close of the biennium. It would be interesting to know how the proposed new practice differed from the existing one. His delegation would also welcome clarification of the Secretariat's statement that measurement of expected results would be provided using performance indicators developed with the full cooperation of Member States. It would also like to know whether results-based budgeting constituted a departure from resolution 41/213, in particular with respect to the taking of decisions by consensus.

26. **Mr. Yussuf** (United Republic of Tanzania) said that the reports of the Secretary-General and ACABQ constituted a good starting-point for the Committee's examination of the new concept of results-based budgeting. He hoped that the Committee would not take an exclusively critical approach to the question.

27. **Ms. Zainoeddin** (Chief of the Political, Legal and Common Services Service, Programme Planning and Budget Division) said that the Secretariat welcomed the comment that had been made in the Committee and would take it fully into account. It was particularly interesting to hear that some countries had already implemented results-based budgeting: an account of their experience would be useful to the Secretariat.

28. In reply to the question put by the representative of Cuba, she said that programme managers had been briefed on results-based budgeting and, as mentioned in paragraph 38 of the Secretary-General's report (A/53/500), a guide on the topic had been prepared to assist them. Under the new system, time-limited objectives would have no connection with a sunset clause, but would apply only within the context of the biennium.

29. On the question of policy-making organs, raised by the representative of the Islamic Republic of Iran, it must be remembered that such organs accounted for only a small budget section, which did not include objectives or results because the work of substantive departments in support of those organs was dealt with in other sections. The section on policy-making organs in the addendum to the report (A/53/500/Add.1) referred only to resources for servicing intergovernmental bodies and not to the resources of the Office of Legal Affairs.

30. The Secretariat had, in fact, held lengthy discussions with the Office of Legal Affairs before selecting it as a

subject for one of the prototype fascicles because the concept was so new to the Office. The Secretary-General had always intended to produce additional fascicles on more complicated sections of the budget.

31. On the question of how Member States would know what results had been achieved from the implementation of the budget, it was true that the current performance reports on the Organization's output constituted a counting exercise and did not include any qualitative assessments.

32. *Mr. Abelian (Armenia), Chairman, resumed the Chair.*

33. **The Chairman** said that the Committee could either take an immediate decision on the question or decide to take it up in informal consultations.

34. After a procedural discussion in which **Mr. Armitage** (Australia), **Mr. Moktefi** (Algeria), **Ms. Powles** (New Zealand), **Ms. Silot Bravo** (Cuba) and **Mr. Odaga-Jalomayo** (Uganda) took part, **the Chairman** said he took it that the Committee wished to take up the question of results-based budgeting in informal consultations.

35. *It was so decided.*

Agenda item 113: Programme budget for the biennium 1998–1999 (*continued*)

Programme budget implications of draft resolution A/53/L.20 concerning agenda item 44 (A/53/674; A/C.5/53/25 and Corr.1 and A/C.5/53/32 and Corr.1)

36. **Mr. Mselle** (Chairman of the Advisory Committee on Administrative and Budgetary Questions), introducing the Advisory Committee's report (A/53/674) on the statement of programme budget implications submitted by the Secretary-General (A/C.5/53/32 and Corr.1), said that the Advisory Committee's views on the performance report for the period from 1 January to 31 December 1998 (A/C.5/53/25 and Corr.1) were contained in paragraphs 5 to 9 of its report; the rest of its report dealt with the requirements of the United Nations Verification Mission in Guatemala (MINUGUA) for the period from 1 January to 31 December 1999.

37. The Secretary-General had estimated the cost of extending the mandate of MINUGUA for an additional period of 12 months at $27,648,800 under section 3 of the programme budget for the biennium 1998–1999; that amount would be partially offset by an unencumbered balance of $5,008,000 from the appropriation approved for the period from 1 January to 31 December 1998. Accordingly, the Secretary-General was proposing an additional appropriation of $22,640,800.

38. The Advisory Committee concurred with that proposal. It therefore recommended an additional appropriation of $22,640,800 under section 3, Peacekeeping operations and special missions, together with an additional appropriation of $2,465,700 under section 32, Staff assessment, to be offset by a corresponding amount under income section 1, Income from staff assessment.

39. **Ms. Castellanos González** (Guatemala) said that her delegation welcomed the support of the international community for the peace process in Guatemala and the activities of MINUGUA. The process, in particular constitutional reform, was proceeding satisfactorily, uniting all Guatemalans under the ideal of living in peace and working together for a better future.

40. She urged the Fifth Committee to do everything possible to ensure that the necessary resources were found for the operation to continue, and urged that the decision should be taken by consensus.

41. **Ms. Silot Bravo** (Cuba) asked why extrabudgetary, rather than regular budget, resources were being used for central functions. Her delegation supported the request for additional funding provided that it was the subject of an additional appropriation assessed on Member States.

42. **Mr. Herrera** (Mexico), speaking also on behalf of Colombia, Norway, Spain, the United States of America and Venezuela, said that the Group of Friends of the Guatemalan Peace Process had submitted draft resolution A/53/L.20 with the aim of extending the mandate of MINUGUA from 1 January to 31 December 1999. The report submitted by the Secretary-General on the performance of MINUGUA reflected progress in the implementation of the peace agreements, as well as the desire of the Parties to move forward towards peace, reconstruction and reconciliation. The report also highlighted the important role of MINUGUA, which had brought stability in the political, economic, social and institutional areas, and which remained an essential element in promoting compliance with the commitments undertaken.

43. While the progress that had been made was primarily due to the will of the Guatemalan people, the support of the international community had been fundamental. The Group of Friends trusted that the General Assembly, conscious of the magnitude of the challenge remaining, would ensure continuance of the mandate of MINUGUA through 1999.

44. **Ms. Zainoeddin** (Chief of the Political, Legal and Common Services Service, Programme Planning and Budget Division), responding to the representative of Cuba, said that the activities funded from extrabudgetary resources were,

in fact, primarily technical cooperation activities, which were normally funded from that source. In accordance with General Assembly resolution 41/213, an additional appropriation would be required.

45. **The Chairman** suggested that, on the basis of the statement of the Secretary-General on the programme budget implications (A/C.5/53/32 and Corr.1) and on the recommendation of the Advisory Committee (A/53/674), the Fifth Committee should recommend to the General Assembly that it should take note of the performance report of the United Nations Verification Mission in Guatemala for the period from 1 January to 31 December 1998 (A/C.5/53/25) and inform the General Assembly that, should it adopt draft resolution A/53/L.20, an additional appropriation of $22,640,800 would be required under section 3 of the programme budget for the biennium 1998–1999, Peacekeeping operations and special missions, and an additional appropriation of $2,465,700 would also be required under section 32, Staff assessment, to be offset by a corresponding amount under income section 1, Income from staff assessment. Those requirements would be considered in the context of the first performance report for the biennium 1998–1999.

46. *It was so decided.*

Programme budget implications of draft resolution A/53/L.22/Rev.2 concerning agenda item 44
(A/C.5/53/33)

47. **Mr. Mselle** (Chairman of the Advisory Committee on Administrative and Budgetary Questions), orally introducing the Advisory Committee's report on the statement of programme budget implications (A/C.5/53/33), said that the Secretary-General was proposing the continuation in 1999 of the arrangements already approved for 1998. That would require resources equivalent to one staff member at the P-4 level and one at the General Service level. The Advisory Committee concurred with the Secretary-General's request for an additional appropriation of $184,300 under section 3, should the General Assembly adopt draft resolution A/53/L.22/Rev.2.

48. **The Chairman** suggested that, on the basis of the statement of the Secretary-General on the programme budget implications and on the recommendation of the Advisory Committee, the Fifth Committee should inform the General Assembly that, should it adopt draft resolution A/53/L.22/Rev.2, an additional appropriation of $184,300 would be required under section 3 of the programme budget for the biennium 1998–1999, and an additional appropriation of $34,800 would also be required under section 32, Staff assessment, to be offset by a corresponding amount under income section 1, Income from staff assessment. Those requirements would be considered in the context of the first performance report for the biennium 1998–1999.

49. *It was so decided.*

Revised estimates resulting from resolutions and decisions of the Economic and Social Council at its substantive session of 1998 (continued)
(A/C.5/53/2)

50. **Mr. Khamis** (Chief of the Economic, Social and Human Rights Service, Programme Planning and Budget Division) said that the additional information requested by the representative of Cuba in connection with the report of the Secretary-General (A/C.5/53/2) had been circulated to members. The additional mandates approved by the Commission on Human Rights at its latest session totalled $231,500. That amount would be absorbed from the termination of assistance to Guatemala in the field of human rights and from the utilization of projected 1998 savings of $110,500 under section 22 (Human rights) of the programme budget resulting from a higher vacancy rate ($48,800) and from the non-renewal by the Commission of the mandate to review the situation of human rights in Cuba ($61,700).

51. **Ms. Silot Bravo** (Cuba) said that she would still like information on when discussions had been held and a decision taken on document A/C.5/52/42, which was closely related to the matter under consideration. She also drew attention to resolution 52/220, section III, paragraphs 78 and 79, relating to section 22 (Human rights) of the programme budget, which clearly stated that no funds directly related to non-mandated activities were to be committed pending consideration of the report of the Secretary-General on the relationship between the treatment of perennial activities in the programme budget and the use of the contingency fund, a report which had been requested in resolution 44/201 B, section XI, paragraph 2. She would like to know when the Committee intended to consider that report. As for the additional information just provided, her delegation needed more time to study it.

Agenda item 117: Pattern of conferences (*continued*)
(A/51/946; A/52/685; A/53/16 and A/53/669)

52. **Mr. Sial** (Pakistan), referring to the report of the Joint Inspection Unit (JIU) on United Nations publications, transmitted by the Secretary-General in his report (A/51/946), said that steps should certainly be taken to make publications more cost-effective without undermining their great usefulness to Member States. His delegation felt that

the report placed undue emphasis on savings, since some costs were unavoidable. Moreover, it failed to deal with certain important points subsequently brought out in the note by the Secretary-General (A/52/685), but referred to irrelevant issues such as sunset provisions, and issues such as the review of mandates that were within the competence of the Committee for Programme and Coordination (CPC), which was dealing effectively with the matter.

53. In its report (A/53/669), the Advisory Committee recommended action on some of the recommendations of JIU in the context of the programme budget for the biennium 2000–2001. The programme budget should, however, deal only with activities mandated in the medium-term plan and should not reflect policy issues that had not yet been discussed by the legislative bodies.

54. His delegation concurred with the conclusions and recommendations of CPC (A/53/16, paras. 347–350) on the JIU recommendations: taking into account the comments of the Secretary-General and the recommendations of the Advisory Committee, JIU recommendations 1, 3, 5, 7, 8 and 9 needed further clarification and should not for the moment be implemented; recommendation 11 could be approved subject to the Secretary-General's comments; and recommendations 12, 13, 15, 17 and 18 should be discussed in the light of the Secretary-General's comments.

The meeting rose at 11.45 a.m.